

	<p style="text-align: center;"><b>SAN DIEGO TECHNOLOGY FUND</b>  <b>PROGRAM DESCRIPTION and CRITERIA</b></p>
<b>Program Purpose</b>	San Diego Technology Fund addresses an identified access to capital gap among San Diego County's smaller growth companies, which may not yet possess the transaction size or market potential necessary to attract venture capital and often cannot obtain conventional loans because they lack historical debt service ability and/or collateral.
<b>Eligibility</b>	Growth companies meeting the SBA's definition of a small business and located anywhere in San Diego County, are eligible for San Diego Technology Fund financing, if they possess a unique proprietary competitive advantage and strong potential to create quality jobs and if they can demonstrate a reasonable repayment expectation. Companies directly enhancing economic opportunity among the region's underserved communities are particularly targeted.
<b>Financing Terms</b>	San Diego Technology Fund provides patient, flexible working capital in amounts from \$50,000 to \$200,000, for terms up to 5 years, at an 8% fixed interest rate. Warrants, royalties, or other success fees are also structured to provide appropriate levels of upside participation. Smaller growth firms in industries that require less capital for market entry which are thus more likely to have achieved validation of their product and market than the typical "seed stage" transaction, and that possess business models that can attain early stage breakeven operations are most suitable.
<b>Financing Match</b>	Applicants should be able to inject at least a matching amount of fresh private cash. San Diego Technology Fund seeks to participate alongside value-added outside investors, usually angel or strategic partner equity, as 20-50% of a \$100,000 to \$1.5 million early stage financing round and may also consider subordinating to senior asset-based debt.
<b>Collateral</b>	<p>All loans must have collateral, usually in the form of a security interest in all business assets, though additional collateral may be required on a case-by-case basis.</p> <p>Personal guarantees may be required from any person or entity with 20 percent or greater ownership in the business, or active in management.</p>
<b>Fees &amp; Costs</b>	A non-refundable application fee of \$250 must accompany the application. At loan approval a non-refundable documentation preparation fee will be charged. All out of pocket legal costs and fees are the responsibility of the applicant, and are estimated at \$4,000 per transaction. Documentation preparation costs may be funded from loan proceeds.
<b>Interest Rate</b>	Most loans are priced at 8.00% fixed; however, San Diego Technology Fund reserves the right to price any loan commensurate with the inherent risk.
<b>Loan Size</b>	Loan size may not exceed \$250,000, though the actual loan size may depend on funding availability. All loans are funded in tiered disbursements.
<b>Loan Term</b>	Not more than five-years. (An initial interest-only period may be included in the repayment terms; however, no loan will be carried for more than four years).
<b>Credit History and Repayment Ability</b>	Borrower must demonstrate the ability to meet commitments and to repay the loan. Any delinquency or default in the payment of taxes may disqualify the applicant. Taxes must be current; however, borrower may be operating under a plan.